



GOVERNMENT OF MALTA
PARLIAMENTARY SECRETARIAT
FOR YOUTH, RESEARCH
AND INNOVATION



The Malta Council for
Science & Technology

FUSION Research and Innovation: Technology Extension Support Programme

Rules for Participation 2023

Rules for *de minimis* State Aid





Contents

1	Introduction	3
2	The Technology Extension Support Programme	3
2.1	<i>Programme Scope and Focus</i>	<i>3</i>
2.2	<i>Contacts</i>	<i>4</i>
3	Eligibility Criteria and Applications.....	4
3.1	<i>Eligibility for Participation.....</i>	<i>5</i>
3.2	<i>Arm's Length Principal.....</i>	<i>6</i>
4	Applicability of State aid Rules.....	6
5	The Application Process.....	8
5.1	<i>Application Submission.....</i>	<i>8</i>
5.2	<i>Considerations at Application Stage</i>	<i>10</i>
5.2.1	<i>Respecting Lead Times</i>	<i>10</i>
5.2.2	<i>Assistance with Applications</i>	<i>11</i>
6	Programme Parameters	11
6.1	<i>Project Start Date and Duration.....</i>	<i>11</i>
6.2	<i>Project Grant</i>	<i>11</i>
6.3	<i>Deliverables</i>	<i>11</i>
6.3.1	<i>Mandatory Deliverables</i>	<i>12</i>
6.3.2	<i>Additional Deliverables</i>	<i>13</i>
7	Eligible Costs	13
7.1	<i>Subcontracted Activities.....</i>	<i>16</i>
7.2	<i>Audits</i>	<i>16</i>
7.3	<i>Eligible Indirect Costs</i>	<i>16</i>
7.4	<i>Ineligible Costs</i>	<i>16</i>
7.5	<i>Co-Financing</i>	<i>17</i>
8	Double Funding	17
9	Funding, Management and Progress Monitoring.....	18
9.1	<i>Allocation and Disbursement of Funding</i>	<i>18</i>
10	Interpretation of Rules	18

1 Introduction

FUSION is a national funding programme that drives and supports local Research and Innovation (R&I), as well as providing the necessary support for researchers and technologists to turn their innovative ideas into a market-ready reality. FUSION is supported through Malta Government funds and is managed by the Malta Council for Science and Technology (MCST) as the Managing Authority.

The main objectives of FUSION are:

- To raise the level and profile of locally funded research
- To ingrain R&I at the heart of the Maltese economy
- To spur knowledge-driven and value-added growth
- To sustain improvements in the quality of life

These can be achieved since research results and innovation have the potential of translating themselves into commercial activities which generate a multiplier effect on the economy, by increasing Malta's competitiveness through the creation of additional high-value and knowledge intensive employment opportunities in Malta's priority industries.

FUSION is a portfolio of various programmes. These programmes have been designed with the aim of offering the necessary mentoring and financial support for researchers and technologists to develop their ideas to the betterment of society.

2 The Technology Extension Support Programme

2.1 Programme Scope and Focus

The Technology Extension Support Programme (TESP) is a national funding programme which provides aid for private entities seeking technical support from Higher Education Institutes. Technology extension services can include the provision of information, technical assistance, consultation etc... but also connecting businesses with technology and expertise which may not be immediately available. In some instances, technology extension services are not focused on creating new technologies, but rather on increasing access to or adoption of already existing technologies and processes.

The scope of the programme is to provide financial support for **incremental product or process improvement**. This programme will accelerate the application and the transfer of technological innovation to the industry, as these get adapted to the business operations,



facilitated by higher education institutes. Through the adoption of technology, this will ensure a proactive approach to preserve profitability, productivity, quality, and innovation.

The Technology Extension Support Programme also aims to:

- Foster Private – Higher Education Institutes partnerships in a low-risk environment.
- Expose private companies to R&I related activities and bridge the gap towards more intensive initiatives.
- Involve more the Higher Education Institutes in the industry, leading to novel ideas which could be developed.
- Increase economic output by supporting industrial activities.

Hence, this programme will operate by incentivising higher education institutes to provide technology extension services to the private sector, focusing on solving specific challenges related to the company's products or processes and thus resulting in incremental improvements.

2.2 Contacts

For general enquires kindly contact:

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R&I Programmes Senior Executive
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For escalated enquiries kindly contact:

Mr. Stephen Borg
R&I Programmes Senior Executive
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3 Eligibility Criteria and Applications

These Rules for Participation are applicable to undertakings **that carry out an economic activity within the meaning of Article 107 TFEU**. This section provides details as to the criteria which must be checked in order to assess the Beneficiary's eligibility to apply and the application's fit within this Programme.

Any **eligible undertaking**, with an operating base in Malta, as defined in Section 1 of the Annex for the Rules for Participation 3, may apply and will be eligible for funding subject to the terms and conditions laid out in this document and in particular the conditions for eligibility. Applicants who fall within the definition of eligible undertaking, will be required to provide the following documents (to be included with the application form) which will then be considered during the administrative check:

- Management accounts, including detailed profit and loss, as well as balance sheet, for the current year.

If the Applicant is a start-up and the above documents are not available, the Applicant shall provide the financial projections for three (3) years signed by an auditor, including: an income statement, a cash flow statement and a statement of financial position.

Other forms of documentation can be requested depending on the nature of the eligible undertaking.

Applicants who fall within the definitions of professional bodies and NGOs, will still be required to provide relevant financial documents as well as, including but not limited to, an authenticated constitutional document (e.g. Statute/ Deed) and VO certificates.

All applications should be accompanied by the relevant declarations duly completed within the Appendices of the Application Form.

Given the aims of the Technology Extension Support Programme, it is integral that any proposal that will be considered for funding highlights how the solution is intended to be implemented with respect to the problem underlined.

3.1 Eligibility for Participation

Any applicants that at the time of proposal submission are considered by MCST to be non-compliant with respect to Grant Agreement obligations on other active projects funded by MCST, may be immediately deemed ineligible at application stage or will not be awarded funding under this programme. This also applies to situations whereby the applicant is outside approved project timelines on other projects funded by MCST, and where the applicant is in recognised default.

Any application submitted by or including the participation of any legal person or legal entity having, in totality or in majority ownership, the same shareholders, partners or persons holding and/ or exercising a controlling power in any other legal entity which will have been at any

time prior to such application declared as non-compliant or defaulting on any other contract or agreement entered into with MCST, shall be automatically declared as inadmissible.

Kindly note that the applicant entity needs to be established/ incorporated by the date of application submission. **Prior to filling in the application form, the applicant should have already discussed their requirements with the Maltese Higher Education Institute and agreed on a way forward.** Moreover, a Collaboration Agreement has to be submitted to highlight this private – HEI partnership.

3.2 Arm's Length Principal

Pertaining to the Arm's length principal, the participation of individuals in the Private – HEI partnership must not be of such nature as to create conflicts with the fundamentals of knowledge transfer and commercialisation. Two legal entities shall be regarded as independent of each other where neither is under the direct or indirect control of the other or under the same direct or indirect control as the other. Control may take either of the following forms:

- a) The direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or a majority of the voting rights of the shareholders or associates of that entity.
- b) The direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.
- c) The direct involvement of the Principal Investigator from the Higher Education Institute in the private entity.

The following relationships between legal entities shall not in themselves be deemed to constitute controlling relationships:

- a) The same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50% of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates.
- b) The legal entities concerned are owned or supervised by the same public body.

4 Applicability of State aid Rules

These Rules for Participation will be implemented in line with the terms and conditions of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid [OJ L 352/1, 24.12.2013], as amended by Commission Regulation (EU) 2020/972 of 2 July 2020 amending Regulation (EU) No 1407/2013 as regards its prolongation and amending

Regulation (EU) No 651/2014 as regards its prolongation and relevant adjustments [OJ L 215/3, 7.7.2020] (hereinafter referred to as the *de minimis* Regulation).

The *de minimis* Regulation stipulates that a single undertaking cannot receive more than €200,000 (or €100,000 in the case of single undertakings performing road freight transport for hire or reward) over 3 fiscal years, including *de minimis aid* from any other *de minimis* schemes. Applicants should ensure and declare that they are eligible for the requested grant under State Aid rules before applying.

For the purposes of this Section, an “undertaking” shall mean any entity engaged in an economic activity, regardless of its legal status and of the way in which it is financed.

All applications must be accompanied by a State Aid *de Minimis* declaration form. **For successful applications, an updated declaration form shall be provided at the time of the signing of the Grant Agreement, ensuring that the applicant remains eligible for funding under the State Aid regime.**

The *de Minimis* aid to be received by every successful applicant under these Rules for Participation shall include all approved eligible costs for that entity at an aid intensity of 90%, as mentioned in Section 7.5.

For the purposes of the *de Minimis* Regulation, “**Single Undertaking**” includes all enterprises having at least one of the following relationships with one other:

- (a) One enterprise has most of the shareholders’ or members’ voting rights in another enterprise.
- (b) One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise.
- (c) One enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association.
- (d) One enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders’ or members’ voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (a) to (d) above through one or more other enterprises shall also be considered to be a single undertaking.

In line with Article 1 of the *de Minimis* Regulation, no aid will be granted to those undertakings and/or sectors expressly excluded from receiving such aid.

The rules laid down in Article 5 of the *de Minimis* Regulation on cumulation will be respected.

5 The Application Process

The Call for Project Proposals will be open for 8 weeks between the **3rd of May 2023 to 23:59PM on the 28th of June 2023. Proposals which are received after the deadline stipulated will be deemed administratively non-compliant.** The selection and funding of proposals under this Programme shall be on a competitive basis.

Applicants should refer to the eligibility criteria in Sections 3 and 4.

5.1 Application Submission

The TESP project application must present a challenge which is currently being experienced by the private sector, and how this is intended to be improved through the collaboration with the Maltese Higher Education Institute. Reasonable estimates of human resources, finance, deliverables and timeframes have to be provided, through the use of templates provided by MCST.

Submission, evaluation and selection of project applications will be in the form of a one-stage process. The applicant must ensure complete compliance with the ‘Rules for Participation 2023’ prior to submission as no amendment or negotiation thereto will be allowed after submission. Any unapproved deviations will result in the failure of the application during the administrative check.

The legal representative of the participating organisation of the applicant must sign off on the application and enter the date of signature in blue ink (not electronically). The legal representative of the applying organisation must also sign off all relevant declarations found within the Appendices of the Application Form.

All applications shall be evaluated according to the procedure outlined under Section 4 of the Annex for the Rules for Participation. The application process is a **single stage** process. This means that once an application has been submitted, modifications thereto will not be allowed. Moreover, requests made by the applicant to allow negotiations on the content of the proposals, after submission will be rejected. In instances where errors in the budget are noted during the evaluation process, these will be categorised by the Council into major deviations (**affecting**

10% or over of the grant value) or minor deviations (**affecting less than 10% of the grant value**) e.g., if the grant value requested is €40,000, any errors in the budget exceeding €4,000, would be considered as a major deviation. Minor deviations will be amended by the Council and evaluated on that basis. The beneficiary will be given the opportunity to accept or decline proceeding with the project if awarded. On the other hand, major deviations will be considered as administratively non-compliant.

In cases, where deviations from the mandatory deliverables or budgets detailed herein are required, applicants should be guided by section 2 of the Annex for the Rules of Participation. **The content of the Application Form will be directly appended to the Grant Agreements for successful applicants and will constitute the Grant Agreement technical obligations.**

Any text within the submitted application, which are more than the prescribed maximum word count and/or page limits, shall be **disregarded in the scientific evaluation process**.

Application Forms should be sent electronically to rtdi.mcst@gov.mt keeping Ms. Abigail Aquilina (abigail.aquilina@gov.mt) in copy, with “Technology Extension Support Programme Application Submission” as a subject.

Contact Information:

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For escalated enquiries kindly contact:

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In both cases, it is the responsibility of the applicant to ensure that a confirmation of receipt is provided.

All Submissions must include:

- ✓ The application form in MS Word (.docx) format and a signed scanned copy (to be sent by email). This includes a brief plan of the proposed solution including the project activities, timeframes, costs and deliverables. A visual representation through a Gantt Chart can also be attached as an Appendix (*not mandatory*).
- ✓ Curricula Vitae of key researchers from the Applicant Entity and the Higher Education Institute, appointed to work on this challenge, including relevant track records.
- ✓ The signed De Minimis State Aid Declaration Form (*Kindly note that an updated State Aid Declaration form is to be submitted upon the signing of the Grant Agreement should the project be selected for funding, as well as declarations on Indirect State Aid*).
- ✓ Collaboration Agreement to highlight the agreement between the Private Entity and the Higher Education Institute.
- ✓ The signed Additional Declarations
- ✓ Management Accounts, including detailed profit and loss, as well as balance sheet, for the current year.
- ✓ In the event that the applicant is a start-up, and the above documents are not available, the applicant shall provide the financial projections for three (3) years signed by an independent certified public accountant, including:
 - An income statement,
 - A cash flow statement, and
 - A statement of financial position

It should be noted that emails larger than 6MB shall be automatically rejected by the system. The applicant may make use of cloud storage or mass file transfer systems (e.g., WeTransfer). **It is the responsibility of the applicant to ensure that application documents are sent out successfully. Proposals which are received after the deadline stipulated will be deemed administratively non-compliant.**

All received applications shall be acknowledged by email. **Incomplete applications as at the deadline of this call will not be considered.**

5.2 Considerations at Application Stage

5.2.1 Respecting Lead Times

All organisations, including MCST, have their internal procedures for processing, approving and signing off on legally binding documents. Beneficiaries are to ensure that they are aware



of these lead times in their organisation as well as in the other organisations which may be involved. It is the applicant's responsibility to ask for information on lead times pertaining to MCST.

Applicants should also consider personal commitments, vacation leave etc, when planning to apply. **All project application submissions must reach the MCST by not later than 23:59pm (CET) on the day of the deadline.**

5.2.2 Assistance with Applications

Prospective Project Applicants are encouraged to seek the advice of MCST in the preparation of the project application. This should help identify any areas of concern prior to the submission of the application and lead to a better quality of submission. Advice shall only be given in respect to these Rules for Participation and not on technical grounds. **Applicants are particularly encouraged to seek the MCST's guidance through proposal-specific one-to-one sessions to ensure that the single-stage application documentation is complete and effective, as once submitted, it cannot be edited.**

6 Programme Parameters

MCST reserves the right to carry out financial and/or technical audits at its discretion, at any time during the duration of the project to ensure that Programme Parameters, as per contractual obligations are being observed.

6.1 Project Start Date and Duration

The project must start by at least **1st of November 2023** or as otherwise stated by the MCST. The possible **project durations are 15 months**, without the possibility of an extension.

6.2 Project Grant

The maximum possible grant value for a project is €40,000.

6.3 Deliverables

Deliverables are tangible outcomes of the project and must be submissible. They must be proposed between the start date and end date of the project. Deliverables not within the project timelines will not be considered. If the project is awarded, evidence should be submitted for

each deliverable mentioned in the application form to ensure that it has been attained successfully.

It is recommended that:

- File storing and synchronization service e.g. Google Drive or Dropbox, is set up and shared with the Council to support the project monitoring process. The shared folder should reflect the structure of deliverables provided in the application form i.e., every deliverable should have its own sub-folder with evidence saved within.

6.3.1 Mandatory Deliverables

The Beneficiary is under an obligation to:

- ✓ Report on project progress as per the list hereunder and in line with the templates provided:
 - Hold a project progress meeting to verbally update the MCST every six months, through the use of a presentation. *(Kindly note, that the contracting authority may, at its own discretion, request additional meetings if required).*
 - Submit an end of Project Report, highlighting the technical outcomes.
 - Submit an end of Project Audited Financial Report.
 - At least one article in public media (e.g., local newspapers or magazines) to raise public awareness, **including an acknowledgement to the Council**. A copy should be presented to MCST within two weeks of publication.

The Reports must include sufficient evidence on the achievement of the project objectives, as well as the parameters indicated in the application, and they must be provided in accordance with the templates presented to the Project Coordinator by the MCST. The Project Technical Report must be submitted prior to the termination of the project within which it is due. The Project Audited Financial Report must be submitted within two months from the completion of the project to account for lead time and payroll in the lifetime of the project.

Any changes to the project objectives, work-packages or any other parameter committed to in the application, are to be communicated in writing with clear justification to the MCST prior to the deadline. The written request will be referred to the Unit Director for approval. The MCST will acknowledge receipt and endeavour to reply in a timely manner so that the momentum of the project remains unaffected.

Acceptance or otherwise of any changes shall be at the sole discretion of the MCST and its decision shall be binding, final and irrevocable. Any other communication shall not be considered valid or binding.

6.3.2 Additional Deliverables

Further to the mandatory deliverables, additional deliverables can be included, however this **should not exceed two (2)**. Although the deliverables cited below are not mandatory, if the applicant includes such deliverables at the proposal stage, this enhances the strength of the application form. Additional deliverables may include:

- ✓ A strategic plan to assess the project after its conclusion, how to further exploit and develop the results.
- ✓ Report on the solution generated and the possible future application.
- ✓ Further collaborations between the Beneficiary and the Higher Education Institute.
- ✓ Report on dissemination activities.

Kindly note that the list of examples given above is not exhaustive.

A copy of all deliverables must be presented to MCST before any retention is disbursed.

The MCST appreciates that the fulfilment of the additional deliverables may be dependent on external factors. The Beneficiary is expected to take these deliverables into consideration when submitting their application form. **Although these deliverables are non-compulsory, if listed as committed deliverables in the application stage, they must be adhered to.**

7 Eligible Costs

Eligible direct costs are those costs incurred directly by the applicant during the lifetime of the project, and which are primarily used for the purpose of achieving the objectives of the project. All eligible expenses must be incurred between the Start Date and the End Date of the Project and must be limited to the budgeted value.

Start Date means the date which is stated in the grant agreement.

End Date means the date when the Project period, having commenced on the Start Date, expires.

Project period is the period allocated for the execution of the Project, and as indicated by the applicant. For the purposes of the Technology Extension Support Programme, this period is of **fifteen** months.

Project Value is the project grant in its entirety including any co-financing (10% for this Programme)

Project Grant or **Project Budget** is the granted funding provided.

The **Eligible Direct Costs** are:

- Personnel Costs

There are no limitations posed with regards to the number of employees involved in a single project. Furthermore, both new and existing personnel shall be eligible for funding. Management costs are limited to **15% of the project value**. Any project management which is not carried out by the applicant shall be deemed as subcontracting.

The hourly rate (z) is calculated using the following formula:

$$€ z = (\text{gross basic salary} + \text{allowances}) / \text{yearly weekday hours}$$

Eligible salaries are pinned to the hourly rates in the Table below (including Employer National Insurance and other contributions) and personnel limits per project:

Role in Project	Maximum Hourly rates 2023	Maximum Hourly rates 2024	Maximum Hourly rates 2025	Limits per project
Management	up to €52.50/hour	up to €55.13/hour	up to €57.89/hour	Max 2 per project
Technical Researcher	up to €37.01/hour	up to €38.86/hour	up to €40.80/hour	No Limits
Operational, technician, research support assistant or equivalent	up to €14.54/hour	up to €15.27/hour	up to €16.03/hour	No Limits

The rates stated in the table above are for the years 2023-2025. For subsequent years a 5% increase per year is allowed. Kindly ensure that only hourly rates are provided in the application form.



Personnel in salary brackets that are higher than those noted above will still only be reimbursed at the rates of the eligible brackets above, depending on their role in the project. The hourly rates will have to be noted in the application, along with the number of hours on the project per individual. In the case of existing personnel, the names of the individuals will have to be noted in the application and their respective CVs need to be submitted.

Completed time sheets are to be retained for all personnel (including students), as proof of the number of hours spent on the project. Documentation of the utilisation of the employees' internally funded, research quota for other research activities is to be retained since this evidence may be required by the auditors.

With respect to the following eligible direct costs, kindly make sure that detailed information and specifications are provided for individual line items.

- **Specialised equipment:** Purchasing and leasing of specialised equipment including software. For an individual item of equipment over 20% of the project value, it is recommended that specifications and justification are provided in the application form. If a specialised laptop or PC is going to be purchased, kindly specify its usage and specifications. The overall value of specialised equipment cannot exceed 30% of the project value.
- **Consumables:** The overall value of consumables cannot exceed 30% of the project value.

Kindly note that specialised equipment and consumables collectively, cannot exceed 50% of the project value.

- **Higher Education Institute Activities:** Minimum of 30% of the project value should be allocated to these activities. This refers to any activities related to the project, which will be carried out by the Higher Education Institute, resulting in the product or process improvement.
- **Other relevant costs:** Other operational expenses which are directly related to the project, e.g., costs incurred for dissemination activities or for scientific information sources.



7.1 Subcontracted Activities

Subcontracted Activities must not exceed 25% of the project value. Subcontracted Activity is any activity related to the project, (including but not limited to consultancy), which is not carried out directly by the Beneficiary or its employees but is conducted by any third party (local or foreign) individual, company, partnership, or entity, under whatsoever terms and conditions.

Subcontracting to foreign companies should only be resorted to if suitable expertise is not available locally at a competitive price. This course of action must be duly justified. The Beneficiary may consider joint bids from subcontractors (local or foreign) if these are presented in the form of a supplier consortium. Preference will be given to partners who have previous experience working together on similar projects. Beneficiaries have to ensure that there is no discrimination between bidders, and that all bidders are to be treated equally and transparently in all calls for quotations.

7.2 Audits

Eligible Costs are to conform with the following, and are subject to the final audit scrutiny:

- Any expenses incurred during the project's lifetime must be consistent with the principles of economy, efficiency, and effectiveness.
- In the event of purchases of any value, private entity beneficiaries are required to demonstrate adequate market testing, by obtaining three quotations from three different, independent, and relevant sources.
- Any calls for the recruitment of staff on a project must be well advertised and conducted in a strictly transparent manner including an interview process.

7.3 Eligible Indirect Costs

Overheads will be covered at 10% of direct eligible costs for all line items being requested.

7.4 Ineligible Costs

The non-exhaustive list below demonstrates examples of ineligible costs:

- ✓ Expenses related to loans, interest, etc
- ✓ Recoverable value added tax
- ✓ Expenses which are recoverable through other funding mechanisms
- ✓ Re-purchase of equipment originally procured through other funding mechanisms



- ✓ Opportunity costs related to foregone production and production downtime arising from the allocation of resources to the Project
- ✓ Any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or from plans, blueprints, detailed specifications or publicly available information.
- ✓ Standard office equipment/ stationery
- ✓ Organising conferences or businesses lunches
- ✓ Travel (including personnel hours for travelling)

Kindly note that this is a non-exhaustive list, and any line items not seen to be compliant with the nature of the research excellence programme will be subtracted from the grant.

7.5 Co-Financing

The Programme's financial contribution to a Beneficiary shall be limited to 90% of eligible costs incurred by that Beneficiary. Therefore, such a Beneficiary must contribute the remaining 10% to the Project. It is not possible for a Beneficiary to cover the contribution of 10% 'in-kind'.

8 Double Funding

Funding under this Programme is made available on the basis that the project Beneficiary would not have benefited and will not benefit from any other grant or financial incentive of whatever nature, applied for and/or utilised for the same scope as that subject of the funding requested under this Programme. Provided that, in the case where the application covers work that is part of a larger project, the Beneficiary must submit a table as an appendix to the application form that shows a comprehensive list of the items of work and the source of funding for each item.

By signing the Grant Agreement, Beneficiary is automatically accepting and authorising MCST to exchange essential information related to the project with other funding agencies, both local and overseas, for any necessary checks. Any occurrence of double funding should be communicated in writing to the Unit Director prior to the signing of the Grant Agreement.



9 Funding, Management and Progress Monitoring

9.1 Allocation and Disbursement of Funding

For the purposes of funding and reporting, a project submission shall be considered to be a **single stage (15-month period)**, depending on the project duration).

Total financial contribution over the lifetime of the project shall not exceed the funding limit as established in the Grant Agreement, irrespective of actual expenditure.

Periodic funding will be allocated according to the following schedule:

1. At the beginning of the project, MCST will provide the relevant pre-financing (75% of the project grant) to the Beneficiary. This will include both direct and indirect eligible costs.
2. A retention consisting of 25% of the project grant shall be withheld by MCST and only released upon the successful completion of the project.

The Project Coordinator will be required to submit a Final Technical Report at the end of the project, as well as a Final Audited Financial Report. The latter must contain a detailed account of the actual expenditure disbursed for the project.

10 Interpretation of Rules

This document endeavours to establish comprehensive and clear rules governing participation in this initiative. However, should circumstances arise where the rules are inadequate, unclear, ambiguous, or conflicting, the Council shall exercise its discretion in the interpretation of the rules or will extrapolate the rules as necessary through the setting up of an ad hoc committee. These current Rules repeal any Rules previously issued and constitute exclusively the entire Rules issued by the Council.